

Proposition 7

Renewable Energy Generation. Initiative
Statute.

Proponent: Jim Gonzalez

July 7, 2008
Initiative 07-0066
SOS 1304

BALLOT LABEL

RENEWABLE ENERGY GENERATION. INITIATIVE STATUTE.

Requires government-owned utilities to generate 20% of their electricity from renewable energy by 2010, a standard currently applicable to private electrical corporations. Raises requirement for all utilities to 40% by 2020 and 50% by 2025. Fiscal Impact: Increased state administrative costs up to \$3.4 million annually, paid by fees. Unknown impact on state and local government costs and revenues due to the measure's uncertain impact on retail electricity rates.

**SUBJECT TO COURT
ORDERED CHANGES**

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BALLOT TITLE AND SUMMARY

RENEWABLE ENERGY GENERATION. INITIATIVE STATUTE.

- Requires utilities, including government-owned utilities, to generate 20% of their power from renewable energy by 2010, a standard currently applicable only to private electrical corporations.
- Raises requirement for utilities to 40% by 2020 and 50% by 2025.
- Imposes penalties, subject to waiver, for noncompliance.
- Transfers some jurisdiction of regulatory matters from Public Utilities Commission to Energy Commission.
- Fast-tracks approval for new renewable energy plants.
- Requires utilities to sign longer contracts (20 year minimum) to procure renewable energy.
- Creates account to purchase rights-of-way and facilities for the transmission of renewable energy.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state administrative costs of up to \$3.4 million annually for the regulatory activities of the California Energy Resources Conservation and Development Commission and the California Public Utilities Commission, paid for by fee revenues.
- Unknown impact on state and local government costs and revenues due to the measure's uncertain impact on retail electricity rates. In the short term, the prospects for higher rates—and therefore higher costs, lower sales and income tax revenues, and higher local utility tax revenues—are more likely. In the long term, the impact on electricity rates, and therefore state and local government costs and revenues, is unknown.

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